

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7823**

**BILL NUMBER:** SB 481

**DATE PREPARED:** Feb 19, 1999

**BILL AMENDED:** Feb 18, 1999

**SUBJECT:** Charter schools.

**FISCAL ANALYST:** Mark Goodpaster

**PHONE NUMBER:** 232-9852

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill allows a sponsor to issue a charter to an organizer to establish a charter school. It defines a "sponsor" as the governing body of a school corporation. It allows an organizer to appeal to a state charter school review panel if a proposal to establish a charter school is rejected and at least one-third of the members of the governing body to which the proposal was submitted was in favor of the proposal.

It provides that the decision of the charter school review panel is binding. It sets forth the organization, powers, method of establishment, charter contents, policies, oversight, and restrictions for charter schools. It provides that a decision concerning the establishment of a charter school may not be restrained by a collective bargaining agreement. It allows the employees of a charter school to organize and collectively bargain.

It requires 100% of the teachers in a charter school to hold a license to teach in a public school. It provides that if a school corporation eliminates a teaching position in a noncharter school because of a charter school, the legal or contractual provisions, if any, otherwise applicable to a teacher continue to apply to that teacher. It allows the conversion of an existing public school to a charter school if at least 51% of the teachers and 51% of the parents approve of the conversion. It makes conforming amendments to related sections.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) This bill makes the following provisions for organizing and funding charter schools.

Establishing a Charter School: The sponsor of a charter school can only be a governing body. In order for the sponsor to grant a charter to an organizer, the organizer must submit to the sponsor a proposal to establish a charter school and include in the proposal plans concerning including by not limited to method of

instruction, curriculum, transportation and budget. The sponsor would then notify the school corporation in which the proposed charter is located and hold a public hearing concerning the proposed charter school.

The sponsor of the charter school must notify the Department of Education of the receipt of a proposal and either acceptance or rejection of a proposal. If a proposal is rejected, and at least one third of the members of the governing body favor the proposal, the organizer may appeal the decision of the governing body to the charter school review panel which would meet to consider the proposal.

The Department would compile information on charter school proposals into a report that would be submitted to the General Assembly.

**Fiscal Matters:** Students who attend charter schools would be counted the same as students of the school corporation who do not attend a charter school. Consequently, the establishment of a charter school and attendance by students in a charter school will not reduce a school corporation's average daily membership (ADM). **Consequently, passage of this bill will not change the overall amount of funding generated by the current school funding formula.**

The amount that each charter school would receive would depend on the number of students who are enrolled multiplied by a proportionate share of state tuition support, local support, federal and state categorical aid programs for eligible students, and state and federal funds received for students with disabilities. The following table shows the average revenue per ADM that school corporations reported receiving from state and local funding sources in 1998. The bottom row shows the average amount that school corporations received on a per ADM basis from the combined sources.

	<u>minimum</u>	<u>average</u>	<u>maximum</u>
<b>State Support</b>	\$0	\$2,587	\$6,492
<b>Levy Support</b>	\$422	\$1,427	\$6,017
<b>Auto Excise Tax</b>	\$54	\$183	\$389
<b>Financial Institutions Tax</b>	\$0	\$9	\$96
<b>Special Education</b>	\$118	\$271	\$510
<b>Vocational Education</b>	\$0	\$65	\$160
<b>At Risk</b>	\$0	\$32	\$198
<b>Growing Enrollment</b>	\$0	\$4	\$140
<b>Academic Honors</b>	\$0	\$8	\$35
<b>Transportation</b>	\$0	\$53	\$186
<b>Average Combined Amount per ADM</b>	\$4,101	\$4,586	\$7,779

**Oversight and Revocation:** Organizers which have established a charter school are required to submit an annual report to the Department of Education each year for informational and research purposes.

**Explanation of State Revenues:** (Revised) Some monies may be available from Federal sources. Congress has made \$100 million available this year to states for local charter school start up grants. The specific amount that Indiana would have available was not immediately available.

**Explanation of Local Expenditures:** If charter schools are established and a significant shift in students

to charter schools occurs, the school corporation may need to reduce staff and operations in the noncharter schools to adjust to the fewer students it needs to serve in the noncharter schools.

**Explanation of Local Revenues:** Passage of this bill would not affect property tax levies or rates because the students enrolled in a charter school would still be included in the school corporation's ADM.

Charter schools and programs would be allowed to charge tuition only for pre-school or Latch Key programs (if the charter school or program provides these programs). In terms of local school property tax levies, there would be no fiscal impact.

**State Agencies Affected:** Department of Education, Professional Standards Board

**Local Agencies Affected:** School corporations

**Information Sources:** Department of Education Data Bases.